

Summit County

Summit County's economy during the second half of 2001 reflects a sharp change. There is a noticeable drop between the pace of growth in the third quarter, and the pace of growth in the fourth quarter. The marked falling off can be attributed to a sharp decline in the county's tourist industry. It is probably a combination of two events — September 11 and the 2002 Winter Olympics.

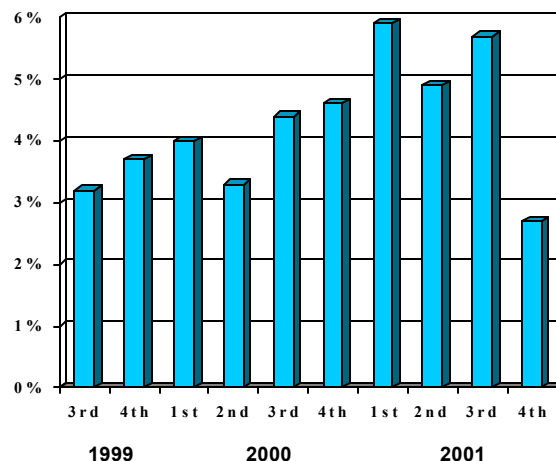
**July-December
2001**

How much is attributed to each event is probably undeterminable. It was projected that Summit County's tourism industry might have a slow year because of the perception that with the Olympics coming to town, things would be very hectic, possibly overpriced, and that Park City was a good place to avoid this year. Then there was September 11 and what it contributed to traveler's inconvenience and emotional psyche. The combination of the two produced a noticeable downward influence on Summit County's economy.

nonfarm jobs

In numbers, Summit County's economy was moving along strongly during the third quarter. The economy grew year-over by 5.7 percent, or 800 jobs, and

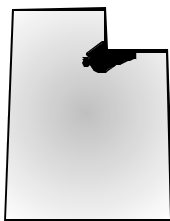
Summit County Year-Over Growth in Nonfarm Jobs



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Economic Newsletter

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Just the Facts

	3rd Quarter		Percent	4th Quarter		Percent
	2001	2000	Change	2001	2000	Change
Unemployment Rate	5.3%	4.5%		6.9%	4.5%	
Nonfarm Jobs	14,880	14,079	5.7%	15,672	15,257	2.7%
Total Construction (000s)	\$56,731.6	\$41,614.3	36.3%	\$40,625.3	\$51,857.9	-21.7%
New Home Permits	170	131	29.8%	196	121	62.0%
Taxable Sales (000s)	\$174,013.0	\$152,552.0	14.1%	\$187,011.9	\$192,843.8	-3.0%



Summary

- Summit County's economy grew during the second half of 2001.
- Third quarter job growth registered 5.7 percent, then slowed to 2.7 percent in the fourth quarter.
- The effects of September 11 and a presupposition by skiers that the Park City area should be avoided because of the Winter Olympics combined to produce a noticeable decline in tourism-related employment.
- Hotels, the ski resorts, and most tourist-related retail establishments all utilized fewer workers in the fourth quarter.
- Restaurants were one of the few areas that cater to tourists that did not experience a contraction in employment.
- Construction remains a viable industry in Summit County, and permits for additional projects remains strong.
- The communications industry and local government are two other industries adding new workers.

things looked good. Then the fourth quarter ushered in an economy producing only half of this growth rate. Mind you the economy still grew — by 2.7 percent or 400 new year-over jobs — but the slowdown in the pace of growth between the two quarters stands out.

missing tourists

Can we see a decline in tourist-related employment between the two quarters? Absolutely. Whereas in the third quarter the hotel industry showed a year-over employment gain of nearly 130 positions, by the fourth quarter the industry now showed a 50-position decline. Restaurants fared better as they generated employment gains across both quarters. But again, the rate of growth slowed considerably between the quarters. Together, these two industries account for nearly 20 percent of Summit County's employment base.

Stores account for another chunk of the Summit County economy, and many of them are reliant upon tourists for their prosperity. Fortunately, this industrial segment showed consistent growth across both quarters.

Employment at the ski resorts was down slightly during the fourth quarter. This is consistent with fewer travelers to the area. Much of this workforce is transitory — that is they come in from other parts of the nation or world to work here. The question is, how much does the local economy miss them? How many local businesses are dependant upon the spending of this transitory, wintertime workforce?

other industries

Getting away from the tourist-related industries, most of the remaining economy fared well. Construction stands out as a bright spot. Homebuilding remains strong, and companies operating here added around 100 new year-over workers. There are new jobs added in the communications industry, and local government grew in response to a growing school-age population.



construction

What is the outlook for the construction industry? It seems to be on a fairly stable course if permitting

for new construction projects is any indication. Construction permit values were up in the third quarter, then down in the fourth. But this permitting analysis can be divided into two components — residential and nonresidential. It is nonresidential valuation that fell off in the fourth quarter. But the larger and more significant residential sector expanded in both quarters and is looking viable. More homes are being approved than in the previous year, and it seems that this pace will continue. The area surrounding Park City remains the focal point of residential growth.

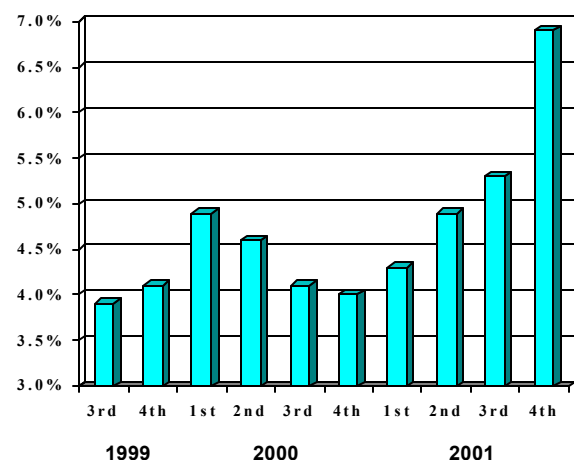


sales

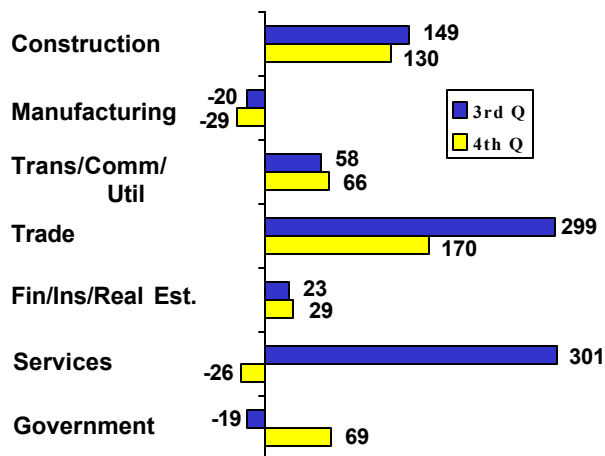
Evaluating taxable sales can be another economic tool to measure an economy. In this respect, the sharp difference between the third and fourth quarters glares again. Taxable sales reached \$174 million in the third quarter and were 14 percent higher than the year before. Fourth quarter sales of \$187 million, though higher than third quarter, are 3 percent below what they were the year before.

It is a decline in year-over revenues in tourist-related businesses that stand out as the difference between the third and fourth quarters. Lodging, restaurants, and recreation services all had growth in their third quarter year-over sales. Then in the fourth quarter, all reversed and had declining year-over sales. The drop in lodging revenues was particularly noticeable.

Summit County Unemployment Rates



Summit County Nonfarm Job Growth: 2000-2001

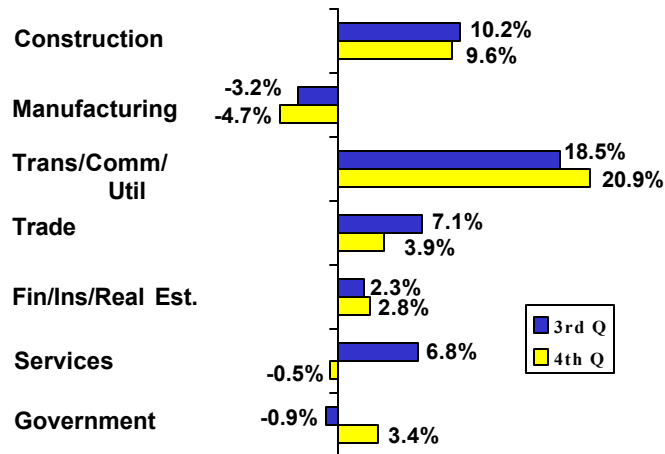


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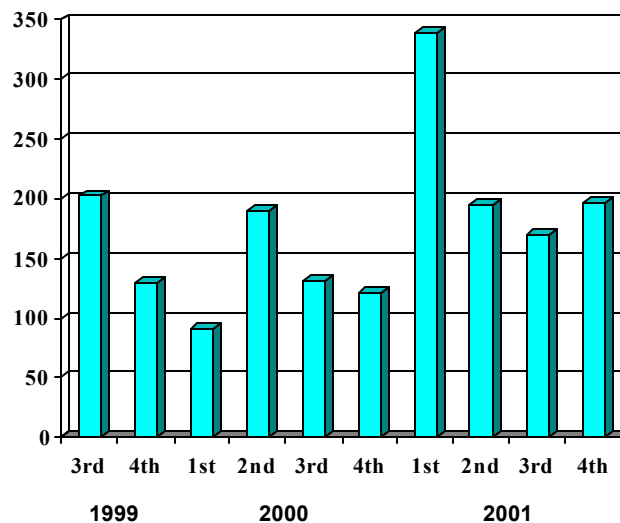
It's apparent that Summit County felt the effects of September 11. A sharp dichotomy emerges amongst tourist-based businesses between the third and fourth quarters. Fourth quarter business may have been predestined to be slow because of pre-Olympic perceptions, but September 11 just compounded this. Things may remain slow as 2002 progresses, but the area seems poised for another round of economic expansion when the United States' economy rebounds from its current malaise.

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Summit County Nonfarm % Job Growth: 2000-2001



Summit County Residential Construction Approvals



Economic Events

- Park City and Wasatch County officials have started private talks that could result in Park City becoming a partner in the proposed expansion of Heber City Municipal-Russ McDonald Field, the closest airport to the Park City area's ski resorts. Heber City estimates that the expansion, which would allow bigger airplanes to use the facility, could cost \$20 million. The federal government would pay almost 91 percent of the cost, with state and local jurisdictions each paying about 4.5 percent. Heber City is considering relocating and expanding the airport's main runway. The redone runway would allow larger airplanes to use the airport. Service into the airport would continue to be limited to private planes. The Heber airport is closer to Park City than Salt Lake International Airport. The project is in its early planning stages. Heber is conducting a feasibility study, which should be completed within nine months. (The Park Record, 6/11/02)
- Within the next few weeks the Summit County Commission will be handing out about \$1 million in grants earmarked for tourism. The pot of money comes from the one-percent restaurant sales tax, and by state law must be used for programs that will augment the area's visitor base. The question facing the commission will be whether to go with the restaurant tax committee's recommendation to plug about \$400,000 of that money into post-Olympic marketing, or to spread more of it among local merchant associations and nonprofit groups. As proposed by the advisory committee, \$225,000 would be used to augment celebrations at Park City Mountain Resort and Deer Valley during next winter's World Cup ski races and the Freestyle National Championships. Another \$175,000 would fund a traveling Olympic exhibit featuring Park City's Games experience. (The Park Record, 5/25/02)
- Park City ended the Winter Olympics in the black, a feat that ensures that Park City's taxpayers will not be held responsible for a Games deficit, a fear that has been omnipresent since Utah was awarded the Olympics in 1995. The city government released a post-Games financial report that indicates it is left with a \$430,623 Olympic surplus. The report ties together 14 years of Olympic work in Park City, starting in the late 1980s, when the city was just starting to help Salt Lake boosters organize a failed bid for the 1998 Games. (The Park Record, 5/25/02)
- Summit County officials are having second thoughts about joining with Park City in the construction of a large pipeline to bring in water from the Weber River. One Summit County Commissioner commented, "We don't want to fill the basin with water and end up in a position where we have to approve additional development to pay for it." The county has not made a decision to withdraw from the planned jointly owned pipeline, Kerr emphasized. But an engineering study is under way for a much smaller project the county could do on its own to meet short-term water needs. (The Salt Lake Tribune, 5/01/02)

- Local mountain resorts have already indicated as much, but the Park City Chamber/Bureau has released data that shows few Winter Olympic visitors were interested in skiing or snowboarding during their trip to Utah. And, the much-publicized \$20.02 lift-ticket promotion, which offered discounted skiing during the Olympic winter, did little to entice people who were in town during the Games, the data says. The survey, conducted in February by George Washington University, showed that only 15 percent of respondents planned to ski or snowboard during their trip to Park City. (The Park Record, 4/16/02)

- Wary of the economic climate at The Canyons, the MJM development company wants to take a big step back from its White Pine Cottages project at the resort, citing uncertainty over the American Skiing Company's financial situation. And though the details are different, other developers may be taking similar steps back in months to come. According to Summit County Community Development Director, a slowdown of projects across the Snyderville Basin is beginning to become a trend. (The Park Record, 4/13/02)

- Park City-based Vedeolocity International has received a \$10.2-million equity funding commitment from a New Jersey-based investment fund. (The Enterprise, 4/1/02)

- Bountiful-based Burt Brothers Tire will move its Park City business to a new store being built in the Silver Creek Business Park, near Home Depot. The move should be completed by fall. (The Enterprise, 4/1/02)

- United Park City Mines (UPCM) expects to start an extensive environmental cleanup in Empire Canyon this summer, a critical step in the effort to appease the Environmental Protection Agency as it continues its investigation into the long-term effects of the area's mining legacy on local lands and streams. Crews will remove the mine waste that litters the canyon. Abandoned waste with the potential of contaminating the Silver Creek watershed will be taken out. It is unsure how many tons or cubic yards of debris must be removed, all paid by UPCM. (The Park Record, 3/19/02)

- The stockholders of United Park City Mines, the descendent of Park City's mining heyday and the company credited with turning what had become an almost forgotten shantytown into a glitzy ski resort, have reached an agreement to sell the company to a consortium of real-estate developers. The \$81.3-million deal sells up to 100 percent of UPCM's approximately 3.2 million shares to Capital Growth Partners for \$25 per share. The developers, known as Capital Growth Partners, are interested in UPCM's real-estate potential, including Flagstaff Mountain Resort and Bonanza Mountain Resort, upscale Deer Valley developments that the mining company has planned for years. Neither is built, but each has received overall approvals from Park City and Wasatch County respectively. (The Park Record, 2/25/02)

labor market indicators

Summit County

	Third Quarter (July-September)				Fourth Quarter (October-December)			
	2001(p)	2000	Percent Change	Numeric Change	2001(p)	2000	Percent Change	Numeric Change
Civilian Labor Force*	15,120	13,069	15.7	2,051	15,526	13,290	16.8	2,236
Employed	14,320	12,476	14.8	1,844	14,460	12,695	13.9	1,765
Unemployed	800	593	35.0	207	1,066	595	79.2	471
<i>Percent of Labor force</i>	<i>5.3</i>	<i>4.5</i>			<i>6.9</i>	<i>4.5</i>		
 Total Nonagricultural Jobs**	 14,880	 14,079	 5.7	 801	 15,672	 15,257	 2.7	 415
Goods Production	2,249	2,110	6.6	139	2,121	2,014	5.3	107
Mining	42	32	31.3	10	46	40	15.0	6
Contract Construction	1,607	1,458	10.2	149	1,487	1,357	9.6	130
Manufacturing	600	620	-3.2	-20	588	617	-4.7	-29
Service Production	12,631	11,969	5.5	662	13,551	13,243	2.3	308
Trans., Comm., Pub. Util.	372	314	18.5	58	382	316	20.9	66
Trade	4,486	4,187	7.1	299	4,521	4,351	3.9	170
<i>Wholesale</i>	<i>165</i>	<i>149</i>	10.7	16	<i>153</i>	<i>152</i>	0.7	1
<i>Retail</i>	<i>4,321</i>	<i>4,038</i>	7.0	283	<i>4,368</i>	<i>4,199</i>	4.0	169
Fin., Ins., & Real Estate	1,003	980	2.3	23	1,073	1,044	2.8	29
Services	4,721	4,420	6.8	301	5,485	5,511	-0.5	-26
Government	2,049	2,068	-0.9	-19	2,090	2,021	3.4	69
<i>Federal</i>	<i>116</i>	<i>105</i>	10.5	11	<i>90</i>	<i>83</i>	8.4	7
<i>State</i>	<i>168</i>	<i>189</i>	-11.1	-21	<i>169</i>	<i>160</i>	5.6	9
<i>Local</i>	<i>1,765</i>	<i>1,774</i>	-0.5	-9	<i>1,831</i>	<i>1,778</i>	3.0	53

* Seasonally Adjusted p = Preliminary

** Detail may not add to total due to rounding. Employment covered by Unemployment Insurance laws.

Sources: Civilian Labor Force, Total Nonagricultural Jobs: Utah Dept of Workforce Services; Building Construction: Bureau of Economic & Business

Summit County

Permit-Authorized Construction

	Third Quarter (July-Sep)			Fourth Quarter (Oct-Dec)			Annual Average 2001		
	2001	2000	Percent Change	2001	2000	Percent Change	2001	2000	Percent Change
Summit County									
New Dwelling Units	170	131	29.8%	196	121	62.0%	900	533	68.9%
New Residential (\$000)	31,452.0	23,873.5	31.7%	33,362.1	31,560.8	5.7%	144,414.3	101,495.2	42.3%
New Nonresidential(\$000)	16,284.5	10,491.0	55.2%	3,380.2	15,642.8	-78.4%	37,067.0	40,668.6	-8.9%
Additions/Alterations/Repairs	8,995.1	7,249.8	24.1%	3,883.0	4,654.3	-16.6%	24,548.0	20,986.9	17.0%
Residential (\$000)	3,968.7	4,252.6	-6.7%	2,281.5	1,931.3	18.1%	14,308.6	11,204.6	27.7%
Nonresidential (\$000)	5,026.4	2,997.2	67.7%	1,601.5	2,723.0	-41.2%	10,239.4	9,782.3	4.7%
Total (\$000)	56,731.6	41,614.3	36.3%	40,625.3	51,857.9	-21.7%	206,029.3	163,150.7	26.3%
Coalville									
New Dwelling Units	5	1	400.0%	0	0	0.0%	5	2	150.0%
New Residential (\$000)	341.3	110.0	210.3%	0.0	0.0	0.0%	341.3	164.3	107.7%
New Nonresidential(\$000)	3,313.7	200.0	1556.9%	59.5	953.5	-93.8%	3,815.8	1,458.5	161.6%
Additions/Alterations/Repairs	0.0	36.6	-100.0%	40.1	0.3	13266.7%	496.6	70.6	603.4%
Residential (\$000)	0.0	26.6	-100.0%	40.1	0.3	13266.7%	191.6	55.6	244.6%
Nonresidential (\$000)	0.0	10.0	-100.0%	0.0	0.0	0.0%	305.0	15.0	1933.3%
Total (\$000)	3,655.0	346.6	954.5%	99.6	953.8	-89.6%	4,653.7	1,693.4	174.8%
Kamas									
New Dwelling Units	5	10	-50.0%	3	6	-50.0%	13	20	-35.0%
New Residential (\$000)	469.8	823.5	-43.0%	198.9	357.4	-44.3%	1,276.2	1,644.1	-22.4%
New Nonresidential(\$000)	158.1	610.8	-74.1%	59.7	0.0	na	246.2	610.8	-59.7%
Additions/Alterations/Repairs	0.0	35.6	-100.0%	0.2	30.5	-99.3%	86.3	129.3	-33.3%
Residential (\$000)	0.0	35.6	-100.0%	0.1	0.5	-80.0%	83.2	36.1	130.5%
Nonresidential (\$000)	0.0	0.0	0.0%	0.1	30.0	-99.7%	3.1	93.2	-96.7%
Total (\$000)	627.9	1,469.9	-57.3%	258.8	387.9	-33.3%	1,608.7	2,384.2	-32.5%
Park City									
New Dwelling Units	45	18	150.0%	23	38	-39.5%	119	195	-39.0%
New Residential (\$000)	12,233.8	7,157.1	70.9%	5,735.9	13,948.3	-58.9%	37,811.6	42,700.9	-11.5%
New Nonresidential(\$000)	728.5	6,766.7	-89.2%	248.2	438.7	-43.4%	11,169.8	11,000.5	1.5%
Additions/Alterations/Repairs	7,894.0	6,917.2	14.1%	3,502.3	4,551.7	-23.1%	20,586.1	19,857.3	3.7%
Residential (\$000)	3,465.1	3,930.0	-11.8%	1,915.9	1,858.7	3.1%	12,182.9	10,314.9	18.1%
Nonresidential (\$000)	4,428.9	2,987.2	48.3%	1,586.4	2,693.0	-41.1%	8,403.2	9,542.4	-11.9%
Total (\$000)	20,856.3	20,841.0	0.1%	9,486.4	18,938.7	-49.9%	69,567.5	73,558.7	-5.4%
Other Summit County									
New Dwelling Units	108	95	13.7%	166	72	130.6%	752	304	147.4%
New Residential (\$000)	16,234.0	13,665.9	18.8%	26,192.3	16,177.1	61.9%	101,577.1	53,790.9	88.8%
New Nonresidential(\$000)	11,979.9	2,744.5	336.5%	2,132.1	14,230.6	-85.0%	20,850.2	27,409.8	-23.9%
Additions/Alterations/Repairs	1,101.1	227.1	384.9%	255.8	54.9	365.9%	3,294.4	879.5	274.6%
Residential (\$000)	503.6	227.1	121.8%	240.8	54.9	338.6%	1,766.3	747.8	136.2%
Nonresidential (\$000)	597.5	0.0	na	15.0	0.0	na	1,528.1	131.7	1060.3%
Total (\$000)	29,315.0	16,637.5	76.2%	28,580.2	30,462.6	-6.2%	125,721.7	82,080.2	53.2%

Source: Bureau of Economic and Business Research, University of Utah.

Summit County

Gross Taxable Retail Sales

Standard Industrial Classification	3rd Quarter (July - Sep)			4th Quarter (Oct - Dec)			Annual 2001		
	2001	2000	% Chng	2001	2000	% Chng	2001	2000	% Chng
Agriculture, Forestry & Fishing	\$251,080	\$320,954	-21.8	\$249,560	\$257,474	-3.1	\$1,113,810	\$1,067,714	4.3
Mining	866,358	595,426	45.5	610,183	385,718	58.2	2,786,624	1,788,223	55.8
Construction	1,847,077	2,409,252	-23.3	872,385	1,450,899	-39.9	4,835,370	5,990,945	-19.3
Manufacturing	10,191,029	8,300,699	22.8	7,332,567	6,498,676	12.8	33,684,101	28,301,882	19.0
Transportation	276,869	264,958	4.5	189,903	385,362	-50.7	1,099,328	1,657,988	-33.7
Communications	7,905,115	7,342,340	7.7	6,595,702	10,066,647	-34.5	33,313,268	31,307,336	6.4
Electric & Gas	6,026,109	4,871,108	23.7	9,923,912	9,519,533	4.2	38,476,220	31,391,915	22.6
Total Wholesale Trade Sales	7,729,892	6,496,535	19.0	6,596,201	6,809,132	-3.1	24,617,565	23,004,702	7.0
Durable Goods	6,472,579	5,126,068	26.3	5,402,517	5,392,942	0.2	19,712,415	18,014,192	9.4
Nondurable Goods	1,257,313	1,370,467	-8.3	1,193,684	1,416,190	-15.7	4,905,150	4,990,510	-1.7
Total Retail Trade Sales	99,822,218	87,518,971	14.1	107,672,839	102,230,394	5.3	406,297,332	367,766,492	10.5
Building and Garden Stores	8,587,943	8,538,373	0.6	7,797,228	7,096,333	9.9	28,705,384	26,971,780	6.4
General Merchandise Stores	9,239,532	8,941,439	3.3	11,526,403	10,884,924	5.9	36,938,935	35,433,048	4.2
Food Stores	19,479,401	18,279,276	6.6	21,015,173	20,130,442	4.4	79,582,607	77,123,307	3.2
Motor Vehicle Dealers	8,017,190	5,636,856	42.2	9,379,497	8,587,977	9.2	30,803,386	24,639,200	25.0
Apparel & Accessory Stores	20,922,270	15,476,490	35.2	18,396,934	14,797,984	24.3	74,061,118	56,447,517	31.2
Furniture Stores	4,454,658	3,908,981	14.0	5,432,458	5,244,281	3.6	17,210,767	16,736,642	2.8
Eating & Drinking Places	14,582,800	14,033,195	3.9	13,817,777	15,670,913	-11.8	65,389,599	62,558,352	4.5
Miscellaneous Retail	14,538,424	12,704,361	14.4	20,307,369	19,817,540	2.5	73,605,536	67,856,646	8.5
Finance, Insurance, Real Estate	2,229,298	3,319,375	-32.8	7,023,314	9,231,107	-23.9	32,546,254	35,321,203	-7.9
Total Service Sales	31,383,222	25,712,936	22.1	36,199,553	42,814,115	-15.4	207,103,489	185,246,378	11.8
Hotels & Lodging	7,214,339	8,034,225	-10.2	12,106,032	12,984,286	-6.8	68,933,071	68,666,074	0.4
Personal	205,819	604,144	-65.9	277,144	449,233	-38.3	1,197,566	2,061,501	-41.9
Business	9,893,993	4,870,798	103.1	1,793,078	5,443,262	-67.1	24,675,412	21,522,101	14.7
Auto & Misc. Repair	3,024,036	2,907,550	4.0	3,060,989	2,353,042	30.1	12,038,079	10,231,260	17.7
Amusement & Recreation	10,567,791	8,406,842	25.7	18,115,822	20,614,464	-12.1	97,171,628	79,700,536	21.9
Health	159,145	95,358	66.9	114,760	90,460	26.9	510,542	350,923	45.5
Ed., Legal, Social	318,099	794,019	-59.9	731,728	879,368	-16.8	2,577,191	2,713,983	-5.0
Public Administration	49,751	66,931	-25.7	23,139	19,436	19.1	109,608	122,327	-10.4
Private Motor Vehicle Sales	4,024,146	3,904,599	3.1	3,323,051	3,022,546	9.9	15,926,163	14,621,043	8.9
Occasional Retail Sales	1,298,068	1,364,756	*	257,023	30,383	745.9	1,577,001	1,462,339	7.8
Nondisclosable or Nonclassifiable	112,779	63,195	78.5	142,554	122,347	16.5	497,383	269,551	84.5
Total	\$174,013,011	\$152,552,035	14.1	\$187,011,886	\$192,843,769	-3.0	\$803,983,516	\$729,320,038	10.2

**Annual Average Only

Source: Utah State Tax Commission.

New Regional Economist for the Mountainland Region



James A. (Jim) Robson is the new Regional Economist for the Central and Mountainland regions: Salt Lake, Utah, Tooele, Summit, and Wasatch Counties. He has a Bachelor of Science degree in Economics from the University of Utah.

Mr. Robson has returned to DWS after working as a Research Analyst for ten years at the Governor's Office of Planning and Budget analyzing Utah's economic and demographic issues, and for ten years at Utah Foundation doing research on Utah public policy issues.

Previously, Jim worked for the Utah Department of Employment Security (the predecessor agency of DWS) administering the Current Employment Statistics survey.

Mr. Robson has worked for and participated with the Governor's Council of Economic Advisors, the Utah Population Estimates Committee, and is a member and past president of the Wasatch Front Economic Forum.

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We welcome your comments, questions and feedback!